

FISCAL NOTE WORKSHEET (Revised Nov. 2006)

Agency: Utah State Office of Education
Daniel Schoenfeld
 Requested By

Bill Number HB 172 Sub 1

Office of the Legislative Fiscal Analyst
 W310 State Capitol Complex
 Salt Lake City, UT 84114-5310
 538-1034 / Fax 538-1692

Fax/Electronic Mail Transmittal

Date: _____
Name: _____
Fax Number: _____

Please return to Fiscal Analyst by: February 23, 2007

TITLE OF BILL: Utah Virtual Schools

This Bill Takes Effect: ☐ On Passage ☐ On July 1 ☐ 60 Days after session ☒ Other depends
 Bill Carries Own Appropriation: ☐

FISCAL IMPACT OF PROPOSED LEGISLATION

A. Revenue Impact by Source of Funds:

First Year

Second Year

	First Year	Second Year
1. General Fund		
2. Unifrom School Fund - Free Revenue		
3. Transportation Fund		
4. Collections		
5. Other Funds (List Below)		
6 Local Funds		
7. TOTAL	\$0	\$0

B. Expenditure Impact by Source of Funds:

1. General Funds		
2. Uniform School Fund - Free Revenue	\$12,564,500	\$22,466,500
3. Transportation Fund		
4. Collections		
5. Other Funds (List Below)		
6 Local Funds		
7. TOTAL	\$12,564,500	\$22,466,500

C. Expenditure Impact Summary:

1. Salaries, Wages and Benefits (UK8O administration)	\$296,856	\$296,856
2. Travel		
3. Current Expenses (Utah K-8 Online & Virtual Charter)	\$12,067,644	\$22,169,644
4. Capital Outlay		
5. Other (start up)	\$200,000	
6. TOTAL	\$12,564,500	\$22,466,500

D. Impact in Future Years?

If no fiscal impact in first two years, indicate if there will be any impact in future years, and explain. Also, indicate any significant changes in fiscal impact beyond the first two years.(Use back side, if necessary.)

Funding would have to continue as long the virtual schools are authorized to operate.

E. Identify Sections of the Bill That Will Generate the Additional Workload or Cost Increase

Section 2 mandates the Board to establish a virtual charter school. Section 7 allows the Board to establish a virtual K-8 school to be run by the USOE. Differences between this substitute and the original as well as HB 169, which it incorporates, are highlighted in Section I.

F. Expenditure Impact Details (*Ties to totals in Section C*)

Utah K-8 Online School (UK8O) -- While expenditures at the macrolevel (for the state as a whole) may be offset by having students enrolled in district operated virtual schools (where they generate membership) shift to the state operated virtual school, because the UK8O is funded by a completely different mechanism, incorporating an estimate of the offset into this microlevel analysis will grossly understate the actual cost of operating the UK8O at its maximum capacity.

Virtual Charter School -- Projected enrollment is based on the budget submitted by the Utah Virtual Academy in its charter school application to the state.

G. No Fiscal Impact or Will Not Require Additional Appropriations?

Specify why this bill will have no fiscal impact on your agency or institution.

Specify how you will reallocate workloads, resources, or funding sources to eliminate need for additional appropriations. (USE ATTACHMENTS IF NECESSARY.)

Based on historical experience, including that of the Davis District virtual school currently in operations, the USOE will have to allocate approximately 6.2% of the appropriation to the UK8O to administration.

H. If Bill Carries It's Own Appropriation:

Indicate if the amount appropriated is adequate to meet the purposes of the bill.

Are there future additional costs anticipated beyond the appropriation in the bill?

The amount for start up costs seem adequate, especially for the very short start up time available.

I. Impact on Local Governments, Businesses, Associations, and Individuals

Local School Districts/Charter Schools :

Negligible.

Businesses and Associations :

There will be two main beneficiaries -- the company which receives the contract to provide curriculum content for the UK8O in its initial year (and probably also early years) of operation, and the nonprofit organization which receives authorization to open and operate the virtual charter school.

Individuals :

Both schools will provide elementary age students a schooling option currently available in only a few districts.

Narrative Description of Bill : **Differences from original HB 172** -- (1) eliminates explicit appropriation for Utah K-8 Online (2) modifies funding formula for UK8O from 1.3 to 1.4 times the value of the WPU (3) removes 1,500 student maximum after first year of operation; **from original HB 169** -- (4) first year 2,000 student maximum reduced to 1,500 (5) criterion for amount virtual charter must compensate other public schools for instructional services redefined from "reasonable cost" to 1/6 of value of WPU per course up to two courses for each student.

This is a draft fiscal note response from the Utah State Office of Education (USOE) and may be revised in the future.

This fiscal note input draft does not imply endorsement of this bill by the State Board of Education or USOE.